Same Sized coins of Different Denominations in Circulation

1505. DR. B.B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) whether same sized coins of different denominations are in circulation in the market;

(b) if so, whether Government propose to withdraw these coins;

(c) if so, by when; and

(d) the loss likely to be suffered by Government on this account?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) Cupronickel Re. 1/- and Rs. 2/- coins of 26 mm diameter are in circulation. Re. 1/- coin is round in shape whereas the Rs. 2/- coin is 11-sided. There is no proposal to withdraw these coins from circulation.

Misuse of Gold Import Scheme

1506. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether the scheme for import of gold by NRI's is being grossly misused and payments through Hawala Channels are made for the legal gold; and

(b) if so, the steps propose to be taken to put a check on this malpractice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The Government have no information of gross misuse of the scheme though intelligence report suggest some payment are made through illicit channels. The main objectives of the liberalised gold Import Scheme, interalia, are to encourage the import of gold through licit channels against payment of customs duty in foreign exchange and to discourage smuggling of gold. It has been reported that the introduction of this scheme has had a healthy impact on checking clandestine Import of Gold.

Lowering of Interest Rates by RBI

1507. SHRI SHIV CHARAN SINGH: SHRI GOVINDRAM MIRI:

Will the Minister of FINANCE be pleased to state:

(a) the details of circumstances which prompted the Reserve Bank to effect lowering of interest rates; and

(b) what has been the initial impact thereof on different sector of the economy including industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) With a view to alligning the bank rate to the changing economic conditions, the Reserve Bank of India (RBI) reduced the bank rate by one percentage point from 11 per cent per annum to 10 per cent per annum with effect from the close of business on June 25, 1997. All interest rates on advances from RBI such as export credit refinance and general refinance to banks which are specifically linked to the bank rate were also revised downwards. Interest rate is one among several factors responsible for influencing industrial activity. Cost of credit forms one part of the total cost of operations and therefore, lowering of the interest rates would influence investment sentiment and thereby the industrial activity. There are, however, other factors such as infrastructural support, availability and cost of raw materials, pick up in overall demand and flow of funds the non-banking sources, which togather wield a strong influence on the level of industrial activity.

India as Transit Point in Global Narcotics Trade

1508. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether India is emerging as the single most important transit point in the global narcotics trade because of her location between the Golden Triangle;